



# LEXIS® Document Services

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April 22, 1998

Janice Fort  
Surface Transportation Board  
Recordation Office  
1925 K Street  
Suite 70  
Washington D.C. 20423

RECORDATION NO. 21348 FILED

APR 23 '98

9-23 AM

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RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Dear Janice,

Enclosed is an original plus 1 copy, both notarized. This is a Memorandum of Railcar Lease between The Cit Group/Equipment Financing Inc. and Pacific Bio-Energy Corp dated 4/7/98. Also, enclosed is a check made payable to: Surface Transportation Board.

After recording the document, please return the acknowledgment copy to my attention. I have enclosed a FED X air bill to return the results to me.

If you have any questions regarding the filing, please feel free to call me at 800-634-9738 ext. 20254.

Thank you for your prompt assistance.

Sincerely,

Rebecca Heisler  
Administrator

enclosure

**800-634-9738**

APR 23 '98

9-23 AM

## MEMORANDUM OF RAILCAR LEASE

THIS MEMORANDUM OF RAILCAR LEASE dated as of this 7 day of April, 1998 is made by <sup>Pacific Bio-Energy Corp</sup> Pellet Flame, Inc., a B.C. corporation, with an address at P.O. Box 2929, Prince George, B.C. Canada V2N 4T7 (the "Lessee"), and The CIT Group/Equipment Financing, Inc., a New York corporation, with an address at 1211 Avenue of the Americas, New York, New York 10036 (the "Lessor" and, together with the Lessee, the "Parties").

## KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and the Lessee entered into that certain Master Railcar Lease (the "Lease") dated as of the date hereof covering the equipment listed on Schedule 01 hereto (the "Equipment");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Lease, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Equipment to the Lessee in accordance with the terms and conditions of the Lease, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned has caused this Document to be executed by a duly authorized officer as of the day and year first above written.

THE CIT GROUP/EQUIPMENT FINANCING, INC.,

By: [Signature]  
Name: Lawrence E. Littlefield  
Title: Vice President

PELLET FLAME, INC.  
PACIFIC BIO-ENERGY CORP

By: [Signature]  
Name: John Swaan  
Title: President

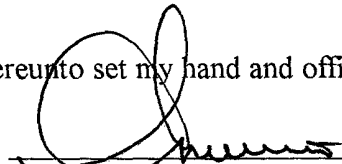
SCHEDULE NO. 01

<u>QUANTITY</u>	<u>REPORTING MARKS AND NUMBERS</u>	<u>EQUIPMENT DESCRIPTION</u>
25	CEFX 10001	Used (1996) 5150 c.f.
	CEFX 10005	covered hoppers
	CEFX 10008	
	CEFX 10009	
	CEFX 10012	
	CEFX 10016	
	CEFX 10022	
	CEFX 10030	
	CEFX 10037	
	CEFX 10042	
	CEFX 10049	
	CEFX 10319	
	CEFX 10323	
	CEFX 10327	
	CEFX 10336	
	CEFX 10340	
	CEFX 10341	
	CEFX 10343	
	CEFX 10352	
	CEFX 10363	
	CEFX 10369	
	CEFX 10375	
	CEFX 10380	
	CEFX 10385	
	CEFX 10388	

Province of British Columbia  
STATE OF )  
COUNTY OF Caribou ) SS:

On this 7 day of April, 1978 before me personally appears John Swaan, to me personally known, who by me duly sworn, says that he/she is the President of PELLET FLAME, INC. (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
Notary Public

**DAN M. MARCOTTE**  
**BARRISTER AND SOLICITOR**  
Suite 515-1488 4th Ave.  
Prince George, B.C.  
V2L 4Y2

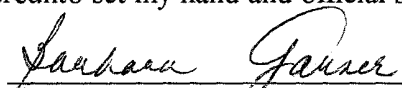
[SEAL]

My Commission expires: Non-Expiring

STATE OF NEW YORK )  
COUNTY OF NEW YORK ) SS:

On this 13<sup>th</sup> day of April, 1978 before me personally appears LAWRENCE E. LITZELT, to me personally known, who by me duly sworn, says that he/she is the VICE-PRESIDENT of THE CIT GROUP/EQUIPMENT FINANCING, INC. (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

  
Notary Public

[SEAL]

My Commission expires

**BARBARA GARNER**  
Notary Public, State of New York  
No. 01GA5065133  
Qualified in Nassau County  
Certificate Filed in New York County  
Commission Expires Sept. 3, 1998